

Tailored Software

Discussion with TwC Academic Advisory Board

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Agenda

- MSN's Value Proposition
- MSN's Pledge to Users
- MSN's Immutable Principles
- Inputs Used in Tailoring
- Discussion Guide

Value Proposition

MSN Mission

To empower people in their personal lives to realize their potential, by bringing them closer to the people & information that matter most.

MSN Personalization Vision

To empower people with a richly tailored internet experience bringing them the people & information that matter most with the control & predictability consumers require.

End-User Principals

Relevancy

MSN provides a relevant web experience for me. It enriches my web surfing experience based on what I have stated or what I have allowed MSN to learn about me. Personalization makes my communication, content & search activities more productive and advertising is relevant to me.

Control

I have the ability to control the personalization advertising experience in MSN (feedback, opt in/out, profile view/change, ect). I can give feedback to MSN when I see things I don't approve. I have the ability to see my user advertising profile and to opt out of tailored experiences (targeted advertising & personalized content opt out are linked as well as other sources of consumer value). I have the ability to edit / modify my profile that MSN has accrued on me.

Predictability

MSN personalization experience is predictable. I know when and where to expect personalized solutions such as content personalization, personalized offers & advertising. I know what data is collected about me and when. I can clearly distinguish personalized experiences from non-personalized experiences.

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MSN's Pledge to Users

1. MSN will never install software on a user's machine without their full consent
2. MSN will grant each user unprecedented access to their data and allow them to see what has been collected
3. MSN will grant each user the ability to edit the information we collect
4. MSN's client software will strictly adhere to industry client software standards
5. MSN will never show a pop-up or pop-under advertisement

MSN's Immutable Principles

1. Clear Notice
2. Choice/Consent
3. Onward Transfer
4. Access
5. Security
6. Data Integrity / Data Quality
7. Enforcement / Remedy
8. Relevancy

Clear Notice

MSN will provide clear and conspicuous disclosure about the data we collect from users. This disclosure must include, among other things, information about:

- the types of data collected
- the choice mechanism(s) available for limiting use and disclosure; and who to contact regarding inquiries or complaints.
- If PII is utilized:
 - the purposes for which PII will be used
 - the types of third parties to whom PII may be disclosed

Choice/Consent

- The user ultimately makes the decision to keep or remove any software
- User can manage their software effectively while maintaining the quality of their computing experience
- Microsoft policy strongly encourages that “opt-in” consent be used, and opt-in is required in many cases.
- Choice mechanisms must be clear, conspicuous, and readily available at the time of data collection and thereafter.
- If PII is used:
 - MSN will give data subjects the opportunity to choose whether their PII may be used or disclosed in ways unrelated to the purposes for which it was originally provided (“secondary uses”).

Onward Transfer

- To disclose information to an independent third-party, MSN must apply the notice and choice principles.
- However, where MSN wishes to transfer personal information to a third-party that is acting as an agent or a vendor, it may do so without notice and consent if it enters into a written agreement with such third-party requiring that the third-party provide at least the same level of privacy protection as is required by the relevant principles.

Access

- MSN should provide individuals with the ability to access PII about them, and to correct or amend such data where it is inaccurate.
- To support the access principle, a user authentication scheme should be employed that prevents the unauthorized disclosure of data.
- There are exceptions to the access principle, where the burden or expense of providing such access would be disproportionate to the privacy risks involved, or if doing so would violate the rights of others.

Security

- MSN will take reasonable steps to protect the confidentiality, integrity and availability of PII.
- The user's privacy is protected by MSN & Microsoft as a trusted partner
- A user does not have to worry about deceptive behaviors from the software they install from Microsoft
- Security is maintained at a high level to protect the user's computer and its performance

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Data Integrity / Data Quality

- MSN should take reasonable steps to ensure that PII is :
 - *relevant* and *reliable* for its intended use
 - i.e., accurate, complete, and current

Enforcement / Remedy

- MSN must implement mechanisms to ensure compliance with the Fair Information Practices.
 - These might include formal internal compliance programs (policies, training, etc.) and yearly audits (either internal or by an independent third party).
- There should be formalized and documented internal processes for resolving privacy complaints, which involve monitoring and accountability.
- There should also be affordable independent recourse mechanisms that individuals can turn to when complaints and disputes cannot be resolved directly
- If PII is used:
 - There must also be effective dispute-resolution processes available for individuals in all cases where PII is collected.

Relevancy

The collection of data should yield for the user:

- More effective search results.
- Tailored information and editorial content.
- More relevant advertising from high quality merchants with less intrusive vehicles.

Inputs That May Guide Tailoring

- Environmental
 - e.g. Day, Time, Location
- Contextual
 - Context of surrounding information
- User provided information
 - e.g. Country, Zip, Age, Gender, Location
- User behavior
 - While on our network
 - While on affiliated networks
 - While elsewhere on the web

Key Discussion Points

- **Understanding user behavior (e.g. recency & frequency of identifiable actions) is key to predict & drive relevancy**
 - Of ads, of content, of search results, of customer recommendations / tips
 - Key to delivering passive personalization, i.e. MSN gets to know me & what I like
 - Key to driving higher CTR (which is good proxy for consumer interest)
 - Research shows worst aspect of ads is irrelevancy
- **No company has yet delivered leadership in behavioral targeting**
 - Need for broad distribution has led to questionable install and uninstall practices
 - Lack of network inventory has led to poor user experience (e.g. pop-ups, pop-unders)
 - But gains in ad relevancy (and corresponding economics) have been proven

Key Discussion Points

- **Behavioral targeting with customer control will differentiate winners from losers in consumer online services**
 - Google, Yahoo, AOL, Amazon, others on this path
 - MSN will not succeed without this competency and has opportunity to provide leadership to online industry, advertisers, consumers
 - BT will drive billions of \$\$ in advertiser ROI that will fund innovation for end users
- **Leadership will require being proactive in describing why what we are doing is good**
 - For customers: more relevant ads, content, search results, guidance == consumer value & engagement
 - For advertisers: more relevant ads, search results == better ROI
 - For adware debate: a strong & vocal stand re. best practices for notice, consent, control

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Further Discussion

- Pros and cons of tailoring based on
 - Public content
 - Web pages, blogs, RSS feeds
 - Private content
 - Email, IM, address book, documents
- Pros and cons of deeper access and control of data used for tailoring
- Incentives for opt-ing in
- Identifying what's tailored and what isn't